Supreme Court, U.S.
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No. 15-446

IN THE

In the Supreme Court of the United States

CUOZZO SPEED TECHNOLOGIES, LLC
Petitioner,

v.

MICHELLE K. LEE, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, PATENT AND TRADEMARK OFFICE
Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF *AMICUS CURIAE* AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF PETITIONER

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STATEMENT OF INTEREST

The American Intellectual Property Law Association (AIPLA) is a national bar association of approximately 14,000 members who are primarily lawyers engaged in private or corporate practice, in government service, and in the academic community.[1] AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public's interest in healthy competition, reasonable costs, and basic fairness.[2]

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[1] In accordance with Supreme Court Rule 37.6, amicus curiae states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the amicus curiae and its counsel. Specifically, after reasonable investigation, AIPLA believes that (i) no member of its Board or Amicus Committee who voted to file this brief, or any attorney in the law firm or corporation of such a member, represents a party to this litigation in this matter, (ii) no representative of any party to this litigation participated in the authorship of this brief, and (iii) no one other than AIPLA, or its members who authored this brief and their law firms or employers, made a monetary contribution to the preparation or submission of this brief.

[2] In accordance with Supreme Court Rule 37.2(a), AIPLA gave counsel of record for both parties in this case notice of its intent to file this amicus brief more than 10 days before the filing

INTRODUCTION

AIPLA urges this Court to grant the petition for certiorari to address the proper standard for patent claim construction to be used by the United States Patent and Trademark Office Patent Trial and Appeal Board ("Board" or "PTAB") in post-grant trial proceeding under the Leahy-Smith America Invents Act (AIA).[3]

Post-AIA, issued patents are subject to simultaneous review by the U.S. Patent and Trademark Office ("Office") in post-grant trial proceedings and in federal courts in traditional infringement litigation. In each of these types of proceedings, the proper construction (or scope) of the patent claims must be determined before a determination can be made whether the patent was properly granted. As it currently stands, the Office, in a post-grant proceeding, applies a different, broader standard for determining the proper construction of the patent claims at issue than is applied in district court. That different standard gives rise to the possibility of inconsistent results. The Office might determine, for example, that a patent claim, broadly construed, is unpatentable over the prior art, while a district court, applying a narrower claim construction stand-

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deadline, and both parties consented to the filing. The Petitioner has filed a blanket consent with the Court, and the government consented by letter, filed with this brief.

[3] AIPLA takes no position at this time on the second question presented in the Petition regarding whether the Federal Circuit, in an appeal of a final PTAB decision, may review allegations that the PTAB exceeded its authority in its decision to institute proceedings.

ard, might determine that the claim is not invalid over the same prior art.

Because of the possibility of inconsistent results on the very same patent, the issue of the proper claim construction standard to be used in post-grant trial proceedings is an issue of exceptional importance that merits this Court attention.

Furthermore, the issue is of exceptional importance because the Office's adoption of its broadest-reasonable-construction standard effectively negates the presumption of validity otherwise afforded issued patents under 35 U.S.C. § 282(a). As such, the Office has thwarted clear Congressional intent of Congress that post-grant trial proceedings under the AIA be an inexpensive alternative to testing patent validity in district court.

REASONS FOR GRANTING THE PETITION

I. Claim Construction Is An Issue Of Exceptional Importance

The Federal Circuit panel in this case affirmed a PTAB decision that the challenged patent claims are not patentable, doing so over the vigorous dissent of Circuit Judge Newman.[4] The patent owner's petition for rehearing *en banc* Federal Circuit was denied in a *per curiam* decision with five judges dissenting from the denial in two dissenting opinions.[5]

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[4] *In re Cuozzo Speed Technologies, LLC*, 793 F.3d 1268, 1283 (Fed. Cir. 2015) (Newman, J, dissenting).

[5] *In re Cuozzo Speed Technologies, LLC*, 793 F.3d 1297 (Fed. Cir. 2015).

The issue that so sharply divided the *en banc* Federal Circuit is raised in the first question presented by Petitioner, namely has the Office correctly adopted the "broadest reasonable interpretation" standard for claim construction in AIA trials (*see* 37 C.F.R. §42.100(b)), rather than the "ordinary and customary meaning to a person of skill in the art" standard used in district courts (hereinafter referred to as the "*Phillips/Markman* standard").[6]

While those standards, as articulated, sound similar, they are applied very differently in practice. Under the broadest-reasonable-interpretation standard, the Office is unconstrained, for example, by statements made by the patent applicant during prosecution of the patent application.[7] Under the *Phillips/Markman* standard, a district court must consider statements made by the applicant during prosecution.[8]

The practical and meaningful difference between these standards was recognized by the U.S. Court of Appeals for the Federal Circuit in *Fresenius USA, Inc. v. Baxter International, Inc.*, 721 F.3d 1330 (Fed. Cir. 2013). In that case, the Federal Circuit consid-

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[6] *See Phillips v. AWH Corporation*, 415 F.3d 1303, 1312-1313 (Fed. Cir. 2005) (*en banc*), and *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed.Cir.1995) (*en banc*), aff'd 517 U.S. 370 (1996).

[7] M.P.E.P. § 2111.01 (9th ed. Rev. 11, Mar. 2014)(noting that "Although claims of issued patents are interpreted in light of the specification, prosecution history, prior art, and other claims, this is not the mode of claim interpretation to be applied during examination.").

[8] *Phillips* at 1317; *Markman*, 52 F.3d at 980.

ered a patent that it had previously considered twice before in litigation between the same parties. The first time the Federal Circuit considered it, the patent was on appeal from a district court conclusion that invalidity was not proved. The second time the Federal Circuit considered the patent, it was on appeal from an Office decision in a reexamination proceeding that the same claims were unpatentable. In both cases, the Federal Circuit affirmed.[9] In the third appeal, which again related to the infringement suit, the Federal Circuit accepted the patent owner's argument that the different claim construction standards applied in the two cases previously before it.[10] In that appeal, the Federal Circuit relied on its previous decision in the reexamination appeal to conclude that the patent was invalid.[11] Such flip-flopping of judgment, made possible in no small part by the different claim construction standards applicable in the different fora, is inefficient and leads to uncertainty in the patent system.[12]

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[9] *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 582 F.3d 1288, 1304 (Fed. Cir. 2009), and *In re Baxter Int'l, Inc.*, 678 F.3d 1357, 1366 (Fed. Cir. 2012).

[10] *In re Baxter Int'l, Inc.*, 678 F.3d 1357, 1365 (Fed. Cir. 2012).

[11] *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1344 (Fed. Cir. 2013).

[12] Gene Quinn, *Industry Insiders Reflect on the Biggest Moments of 2013*, IPWatchdog (Nov. 4, 2015, 9:09 PM), http://www.ipwatchdog.com/2013/12/31/industry-insiders-reflect-on-the-biggest-moments-of-2013/id=46866 ("The ability to collaterally attack an outstanding damage verdict of a district court with a parallel patentability proceeding of the USPTO sent shockwaves through the patent litigation ranks").

The potential for inconsistent results abound because of the different claim construction standards applied by the Office and the courts. The simplest example is where a defendant in a district court infringement suit takes advantage of the new opportunity to challenge the asserted patent in a post-grant proceeding before the Office. Under the AIA, the district court is not obligated to stay the district court action pending the post-grant proceeding.[13] Thus, the Office and the district court might simultaneously consider whether the asserted patent properly issued. The Office might, under the broadest-reasonable-interpretation standard, determine that the patent claim is unpatentable over the prior art, while the district court might determine that the same claim cannot be invalidated because its narrow construction under *Phillips/Markman* avoids the same prior art.

Likewise, inconsistent results are possible where the same patent is asserted against two different defendants. One defendant might litigate the validity of the patent in district court, foregoing the opportunity offered by the AIA to challenge the patent at the Office, while the other defendant might petition the Office for a post-grant review under the AIA. Again, two different results are possible on the very same patent because of the alternative fora for litigating the issue.

In order to avoid the harm and confusion of such inconsistency, AIPLA submits that the Office should

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[13] America Invents Act of 2011 § 18(b)(1), Pub. L. No. 112-29, 125 Stat. 284, 331 (2011); *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1309 (Fed. Cir. 2014).

be required to apply the same claim construction standard in post-grant proceedings before the Office as is applied by district courts under *Phillips/ Markman*.

II. The Claim Construction Standard Applied by the Office Effectively Negates the Statutory Presumption of Validity Afforded to Issued Patents

United States patents enjoy a statutory presumption of validity. 35 U.S.C. § 282(a). And this Court has long recognized the judicial practice of construing patent claims, if possible, to preserve their validity.[14] Likewise, the Federal Circuit has repeatedly recognized that patent claims should be construed to preserve their validity.[15]

Despite the fact that such statutory presumption of validity should apply equally to patents that are subject to post-grant proceedings before the Office, the Office does not apply it. *Google, Inc. v. Whitserve LLC*, IPR2013-00249, Paper 32, September 9, 2014, pp. 21-22. Indeed, the Office relies on its application of the differing broadest-reasonable-interpretation standard to support its conclusion that the presumption does not apply to post-grant proceedings:

> Under the district court standard, however, considerations such as preservation of validity or the notice function of claims may lead to the

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[14] *See Klein v. Russell*, 86 U.S. (19 Wall.) 433, 466 (1874); *Turrill v. Michigan*, S. & N.I.R.R., 68 U.S. (1 Wall.) 491, 510 (1864).

[15] *Liebel-Flarsheim Co. v. Medrad, Inc.*, 358 F.3d 898, 911 (Fed. Cir. 2004).

> adoption of the narrower of two equally plausible constructions. *See Liebel-Flarsheim Co. v. Medrad, Inc.*, 358 F.3d 898, 911 (Fed. Cir. 2004); *Athletic Alternatives, Inc. v. Prince Mfg., Inc.*, 73 F.3d 1573, 1581 (Fed. Cir. 1996).... Our claim construction standard, however, does not take factors such as the preservation of validity into account.

Id. at 21-22.

But the Office's rationale in support of its adoption of the broadest-reasonable-interpretation standard does not apply in the context of post-grant proceedings. In particular, in support of its position that the broadest-reasonable-interpretation standard should apply in post-grant proceedings, the Office relies on decisions in appeals of reexamination proceedings, and those decision in turn rely on legislative history evidence showing that Congress intended that procedure to re-do the initial examination.[16]

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[16] Reexamination "will permit any party to petition the patent office to review the efficacy of a patent, following its issuance, on the basis of new information about pre-existing technology which may have *escaped review at the time of the initial examination* of the application." H.R. Rep. No. 66-1307(1980), 3-4, (emphasis added); *see also In re Etter*, 756 F.2d 852, 857 (Fed. Cir. 1985) ("In a very real sense, the intent underlying reexamination is to 'start over' in the PTO with respect to the limited examination areas involved, and *re* examine the claims, and *to examine* new or amended claims, as they would have been considered if they had been originally examined in light of all of the prior art of record in the reexamination proceeding.") (Emphasis in original.)

By contrast, Congress made clear (and the Office has acknowledged) that AIA trials are not repeats of the initial examination. Unlike the legislative history for reexaminations, Congress has characterized AIA trials as adjudications of issued patents, not examinations of patent applications (which the Office has also acknowledged).[17] As adjudications of issued patents, the long-standing rule of construing patent claims, if possible, to preserve their validity should apply. The *Phillips/Markman* claim construction standard effectuates that rule; the broadest-reasonable-interpretation standard does not.

This Court's recent decision in *Microsoft Corp. v. i4i Limited Partnership*, 131 S.Ct. 2238 (2011), is instructive. In that case, this Court held that the statutory presumption of validity under section 282 "encompassed not only an allocation of the burden of proof but also an imposition of a heightened standard of proof." For similar reasons, that Section 282 should be construed to impart a substantive requirement to construe patent claims, if possible, to preserve their validity.

The Office claim construction standard expressed in 37 C.F.R. §42.100(b) effectively ignores the statutory presumption of validity for issued patents. Nothing in the legislative history of the AIA or the modest amendments to Section 282(a)

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[17] "The Act converts *inter partes* reexamination from an examinational to an adjudicative proceeding, and renames the proceeding '*inter partes* review.' " H.R. Rep. No. 112-98, pt. 1, at 46 (2011).

changed the presumption of validity applicable to issued patents.[18]

III. The Same Claim Construction Standard Should Apply for Purposes of Infringement and Validity Determinations

Another problem with the Office's standard for construing claims in post-grant proceedings is that it gives rise to different standards being applied to the same patent for validity and infringement determinations. Specifically, where an accused infringer chooses the Office as a forum for challenging the validity of the patent in a post-grant proceeding, the Office will apply the broadest-reasonable-interpretation standard in determining whether the patent is invalid (or unpatentable), but the district court will apply the *Phillips/Markman* standard in determining infringement.

The application of such differing standards for purposes of infringement and validity is inconsistent with long-standing decisions of this Court and the Federal Circuit.

IV The Opportunity To File A Motion to Amend Claims in a Post-Grant Proceeding Does Not Support Application of the Broadest-Reasonable-Interpretation Standard

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[18] Section 20(g) of the AIA, entitled "Technical Amendments," in relevant part, merely added to Section 282 a letter and topical label to the paragraphs of the statute to create "(a)—In General." In addition, a sentence in that first paragraph concerning nonobviousness under Section 103(b)(1) was also deleted. *See* Section 20(g) of AIA, entitled "Technical Amendments."

A principal justification offered by the Patent and Trademark Office and by the majority below for adopting the broadest-reasonable-interpretation standard is that, during an AIA trial, the patent owner has an opportunity to amend its patent. Yet, the opportunity to amend is severely restricted by the AIA itself. Specifically, 35 U.S.C. § 316(a)(9) provides only that the patent owner may "move to amend the patent under subsection (d) to cancel a challenged claim or propose a reasonable number of substitute claims."

Though Section 316(a)(9) directs the Office to provide a vehicle for amending a patent during a PTAB trial, it does not guarantee that a patent owner may actually amend. Rather, it guarantees only that the patent owner may file a motion to amend the patent by cancelling claims and substituting others. Nothing in either the AIA or in the implementing regulations provides a guarantee that such a motion will be granted. Thus, there is no guaranteed right to amend during an AIA trial.

Furthermore, even if a patent owner's motion to amend is granted, there is no opportunity for freely amending in an iterative fashion, as there is in original prosecution, *ex parte* reexamination, *inter partes* reexamination, or reissue prosecution. Indeed, conducting such an examination during the post-grant trial is the very impracticality of *inter partes* reexamination eliminated by the AIA. There is therefore no opportunity "for clarifying the metes and bounds of an invention during the back–and–forth between the applicant and examiner when claims are not yet in their final form" (*In re Prater*, 415 F.2d 1393, 1405 (CCPA 1969)), such that the application of the

broadest reasonable interpretation standard could be justified.

Not only is a patent owner's opportunity to amend conditional, but in the more than two years of experience with post grant trials, motions to amend have been granted so infrequently—fewer than 10 times—as to make the opportunity to amend essentially illusory.[19] Here again, a fundamental premise of the panel majority's position finds no support in the language of the AIA or in its application by the agency. For this additional reason, the AIA provides no basis for the adoption of a claim interpretation standard other than that uniformly applied by district courts under *Phillips/Markman*.

CONCLUSION

Congress intended to make a fresh start when it created post-grant validity trials as a cornerstone of the AIA. Yet by incorporating the broadest-reasonable-interpretation standard into its implementing regulations, the Office has instead spawned a hybrid of the new and the old, creating potential for inconsistency between Office and district court validity determinations. This Court should grant the Petition to resolve any potential for inconsistency and restore certainty of patent rights.

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[19] The few reported Final Written Decisions authorizing motions to amend include *International Flavors & Fragrances Inc. v. U.S. Department of Agriculture*, IPR2013-00124, Paper 12, May 20, 2014; *Reg. Synthetic v. Nestle Oil*, IPR2014-00192, Paper 48, June 5, 2015; *Riverbed Technology, Inc. v. Silver Peak Systems, Inc.*, IPR2013-00402 and 403, Paper 33, Dec. 30, 2014; and *CME v. Fifth Market*, CBM2013-00027, Paper 38, Mar. 23, 2015 (rehearing order after Final Written Decision).

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